

Message Text

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E.O.11652: N/A

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SUBJECT: OPIC PROGRAMS IN INDOCHINA

REF: A) SAIGON 20982

B) SAIGON 20489

C) SAIGON 00105

D) SAIGON 0607

1. THE ADMINISTRATION IS CONTINUING TO EXPLORE ALL POSSIBLE METHODS OF REINSTITUTING AN OPIC PROGRAM FOR CAMBODIA, LAOS AND VIET-NAM. ON FEBRUARY 6, DEPUTY SECRETARY RUSH WROTE TO SENATOR FULBRIGHT ON THIS SUBJECT. PERTINENT EXCERPTS FOLLOW:

QUOTE I UNDERSTAND THAT YOUR COMMITTEE'S DRAFT REPORT ON LEGISLATION PERTAINING TO THE OVERSEAS PRIVATE INVEST-
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MENT CORPORATION (OPIC) WOULD NOT PERMIT OPIC TO ENCOURAGE UNITED STATES PRIVATE INVESTMENT IN INDOCHINA AND WOULD

TERMINATE OPIC'S ACTIVITIES IN YUGOSLAVIA AND ROMANIA.

THE INDOCHINA RESTRICTION WOULD LAST UNTIL PRIVATE INSURANCE COMPANIES PARTICIPATE WITH OPIC IN ALL FORMS OF ITS COVERAGE. THAT CONDITION CANNOT BE MET IN THE NEAR FUTURE,

AND PROBABLY NEVER WITH REGARD TO WAR/INSURRECTION INSURANCE, IN WHICH PRIVATE COMPANIES HAVE STATED THAT THEY ARE NOT PREPARED TO PARTICIPATE ANYWHERE.

THE REPORT ARGUES THAT OPIC INSURANCE WOULD "FURTHER ENTANGLE THE UNITED STATES IN SOUTHEAST ASIAN POLITICS AT A TIME WHEN CONGRESS HAS CLEARLY ENDORSED THE POLICY OF DISENGAGEMENT." I DO NOT AGREE THAT THE SMALL VOLUME OF UNITED STATES PRIVATE INVESTMENT LIKELY TO BE ATTRACTED TO THOSE COUNTRIES, PARTICULARLY WHEN COMPARED WITH OUR GOVERNMENT'S CONTINUING STAKE IN HUNDREDS OF MILLIONS OF DOLLARS OF AID FLOWS, WOULD FURTHER ENTANGLE US POLITICALLY. NOR DOES OPIC PROPOSE TO SUPPORT A MAJOR UNITED STATES INVESTMENT STAKE SO LONG AS RISKS REMAIN HIGH. RATHER, OPIC PROPOSES TO CONSULT REGULARLY WITH CONCERNED CONGRESSIONAL COMMITTEES ON THOSE INVESTMENTS SELECTED BY ITS BOARD TO RECEIVE GOVERNMENTAL ENCOURAGEMENT IN THE INTEREST OF ORDERLY RECONSTRUCTION AND DEVELOPMENT OF THE INDOCHINESE STATES.

THE REPORT ON THIS SUBJECT BY THE HOUSE SUBCOMMITTEE ON FOREIGN ECONOMIC POLICY, OF OCTOBER 21, 1973, ACCEPTS OPIC'S PROPOSAL TO RESUME A PRUDENT AND SELECTIVE ENCOURAGEMENT OF UNITED STATES INVESTMENT IN INDOCHINA, SUBJECT TO REGULAR CONSULTATION WITH THE APPROPRIATE CONGRESSIONAL COMMITTEES.

I STRONGLY URGE THAT YOUR COMMITTEE AMEND ITS REPORT TO PERMIT OPIC ENCOURAGEMENT OF AMERICAN PRIVATE INVESTMENT IN INDOCHINA, AND TO CONTINUE THIS ENCOURAGEMENT IN YUGOSLAVIA AND ROMANIA. END QUOTE

2. THE SENATE FOREIGN RELATIONS COMMITTEE (SFRC) ISSUED LIMITED OFFICIAL USE
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ITS REPORT SUBSEQUENT TO THE LETTER. THE INDOCHINA LANGUAGE HAS REMAINED UNCHANGED FROM THE DRAFT. SENATOR JAVITS IS EXPECTED TO SPONSOR SEVERAL FLOOR AMENDMENTS TO THE CHURCH BILL (REPORTED TO THE SENATE BY THE SFRC WITH THE REPORT), BUT HE HAS DECLINED TO SEEK A CHANGE IN THE INDOCHINA LANGUAGE.

3. THE HOUSE FOREIGN AFFAIRS COMMITTEE HAS SCHEDULED HEARINGS ON OPIC FOR THE SECOND WEEK IN MARCH. THE HEARINGS WILL DEAL WITH THE CULVER BILL REPORTED BY THE

SUBCOMMITTEE ON FOREIGN ECONOMIC POLICY. AT THE HEARINGS,
THE ADMINISTRATION WILL ACTIVELY SUPPORT THE SUBCOMMITTEE'S
RECOMMENDATION TO THE COMMITTEE THAT "PRUDENT EXERCISE
OF OPIC'S AUTHORITY SHOULD BE PERMITTED IN THIS AREA."
RUSH

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